



LEGISLATIVE UPDATE

June 20, 2014

This week was consumed by both House and Senate leadership hammering out key budget priorities with the Budget Conferees having been appointed on Thursday:

<http://ncleg.net/gascripts/confcomm/confcommittee.pl?BillChamber=S&BillID=744&session=2013>. Projections on when the budget will be finalized range from early to mid-July, especially given the significant differences between the two chambers' budgets. We will obviously know more once the Budget Conferees begin their work in earnest next week.

Budget analyses, including a Comparison of the 2014-15 Proposed Budgets and Salary Schedules are here: <http://www.ncpublicschools.org/fbs/budget>. Additionally, please see the 2 top links on the rising student population, current personnel numbers and per pupil spending trends here: <http://www.ncpublicschools.org/budget/communication/>

Aside from the budget, other education bills moved at a very fast pace this week. Some of the highlights include:

1. **SB 812 Maintain State Authority over Academic Standards**: On Thursday, the House Education Committee replaced the entire Senate bill with the current language of **HB 1061**: Replace Common Core with North Carolina's Higher Academic Standards. As previously reported, the 2 versions of these bills differ dramatically. The House and Senate have a great deal of work to do to reconcile the differences. The next anticipated step for this bill will be a vote on the House floor.
2. **SB 493 2014 Regulatory Reform Act**: This bill became the new House "reg reform" bill just this week and had a quick trip through 2 committees on Wednesday, was calendared for the House floor, then withdrawn and re-referred to the House Committee on Regulatory Reform – all in one long day. Controversial and largely unsupported language from **HB 1040** (Improve Administrative Program Monitoring at DPI) that had been rejected by 2 other House committees was swept into SB 493. On Wednesday, the House Committee on Regulatory Reform rejected this language.
3. **SB 793 Charter School Modifications**: This is the main charter school bill this session, and it was substantially amended Monday on the Senate floor and later amended on Thursday in the House Education Committee. The main revisions are as follows:
 - a. SBE would make decisions on a charter school application by August 15 if received prior to the date established by the Office of Charter Schools for that application cycle, contingent upon the applicant's successful completion of a planning period before opening.
 - b. SBE would be allowed to set a charter renewal period for less than 10 years if a charter school is not compliant with state law, federal law, the school's own bylaws, or provisions included in the school's charter agreement.
 - c. Children of charter school board members may receive priority enrollment in the school. The current legal restriction allowing such priority only during the school's first year of operation is removed.

- d. LEAs would be required to provide records requested by a charter school in order for the charter to audit and verify the calculation and transfer of the per pupil share of the local current expense fund within 30 days of monetary transfer. This requirement is in addition to the current statutory requirement for LEAs to provide:
 - (1) the total amount of monies the LEA has in the following funds:
 - (i) the State Public School Fund;
 - (ii) the local current expense fund; and
 - (iii) the capital outlay fund;
 - (2) the student membership numbers used to calculate the per pupil share of the local current expense fund; and
 - (3) how the per pupil share of the local current expense fund was calculated.
- e. In a legal dispute over resource allocation between an LEA and a charter school, the losing party would now have 1 year to pay the full amount of funds, costs, fees, and interest in equal monthly installments. Currently, the law allows 3 years.
- f. SBE would adopt a competitive bidding process for charter school operators interested in taking control of a failed charter school. In addition to academic and financial conditions, this amendment would decrease the required North Carolina experience for the operator from 5 to 3 years.
- g. By December 15, 2014, SBE would be required to adopt a fast track process, lasting no more than 150 days, for the replication of high quality charter schools currently operating in the State. A report on the adopted process must be given to the Education Oversight committee by February 15, 2015.
- h. To qualify for fast track replication, the charter school board or directors must either:
 - i. Have student academic outcomes comparable to those in the LEA where the charter school is located and have 3 years of financially sound audits, or
 - ii. Agree to contract with an Education Management Organization (EMO) or Charter Management Organization (CMO) that can demonstrate the ability to replicate high quality, academic and financially sound charter schools in the State.

Key Committee Meetings: June 16 - 19

Senate Education Appropriations - Tuesday, June 17

This Committee reviewed the differences between the House and Senate budgets, both the line items and special provisions, using these documents:

[Education Money Report Comparison](#)

[Education Provisions Comparison](#)

Senate Appropriations/Base Budget Committee - Wednesday, June 18

[HB 1031](#) NC Economic Development Partnership Modifications

The Committee approved this bill, it passed the House on Wednesday, was ratified, and then presented to the Governor on Friday, June 20.

House Finance Committee - Wednesday, June 18

[HB 1154](#) Moore County Schools Transfer of Property (Committee approved)

[SB 493](#) 2014 Regulatory Reform Act (please see summary above)

House Committee on State Personnel – Wednesday, June 18

[HB 1036](#) No Revolving Door Employment

The proposed committee substitute (PCS or amended bill) received a favorable report from Committee on Wednesday. This legislation would prohibit the Secretary of Administration (and other entities to which the bill applies) from contracting with a vendor that employs or contracts with a person who is a former State employee and uses that person in the administration of a contract with the State. The bill would require a vendor submitting a bid or contract to certify that the vendor will not use a former State employee in the administration of a contract with the State.

[HB 1196](#) Charter School/Leave State Retirement System

This legislation would allow the Board of Directors of the Success Institute, a charter school in Iredell County, to revoke its participation in the Teachers' and State Employees' Retirement System.

[HB 1209](#) Retirement Investment Accountability

This bill received a favorable report from Committee and has been re-referred to the House Committee on Appropriations. The bill would enhance the accountability and transparency of the State Retirement Systems' investment programs by providing for audited financial statements, performance reviews, expanded and modernized reporting, a sunset on the confidentiality of the proprietary information, and resource flexibility for the investment management division, along with other measures.

Senate Committee on Education/Higher Education - Wednesday, June 18

[HB 712](#) Clarifying Changes/Special Education Scholarships

This bill revises and clarifies the Special Education Scholarships for Children with Disabilities and would exempt certain schools from childcare licensure requirements. It passed both the Committee and the Senate this week. The bill would do the following: 1) make revisions to the definitions of terms that apply to the Special Education Scholarships for Children with Disabilities; 2) clarify information that must be made available; 3) provide more detailed requirements for scholarship reimbursements; 4) provide for a public records exemption on student data; and 5) ensure that evaluations and re-evaluations are conducted in accordance with the Individuals with Disabilities Education Act (IDEA).

The bill would change the definition of an eligible student: An eligible student would be a student who: 1) is under 22 years of age; 2) is a child with a disability as defined under G.S. 115C-106.3(1); 3) is eligible to attend a North Carolina public school under G.S. 115C-366; 4) has not been placed in a nonpublic school or facility by a public agency at public expense; 5) has not been enrolled in a postsecondary institution as a full-time student taking at least 12 hours of academic credit; and 6) has not received a high school diploma.

In addition, HB 712 would require a student with a disability to meet one of the following requirements in order to be eligible for such a "scholarship" (no longer called a "scholarship grant"):

- The student had been approved for a disability scholarship for the previous semester;
- The student had been identified as a student with a disability before the initial year of enrollment in kindergarten or first grade;
- The student had been enrolled in a North Carolina Public School during the previous semester; or

- The student had received special education or related services through the North Carolina public schools as a preschool child with a disability during the previous semester.

Documentation for anticipated costs will be submitted to the State Education Assistance Authority (SEAA) prior to the start of the school semester for preapproval. SEAA must post information on its website informing parents that a child with a disability who has been parentally-placed in a private school does not have an individual right to receive some or all of the special education and related services the child would have received if enrolled in a public school.

HB 712 clarifies that scholarships can only be awarded for reimbursement of: 1) tuition, 2) special education, 3) related services, and 4) educational technology.

Documentation is required for specific types of reimbursement:

- Tuition reimbursement: requires proof that the student was enrolled in a nonpublic or public school charging tuition for 75 days of the semester.
- Special education reimbursement: requires proof that the student received special education for 75 days of the semester. Reimbursement would not be provided for homeschooled students if a member of the student's household provided the special education instruction.
- Related services reimbursement: requires proof that the student received special education for 75 days of the semester that he/she received related services. Reimbursement would not be provided for homeschooled students if a member of the student's household provided the special education instruction.
- Educational technology reimbursement: requires proof that the student used the technology for 75 days of the semester.

The bill provides that applications for disability scholarships and personally identifiable information related to eligible students are not public records. It directs SBE to ensure that LEAs conduct initial evaluations and reevaluations, pursuant to Child Find (<http://ec.ncpublicschools.gov/policies/project-child-find>). Finally, it exempts a non-public school that does not receive state Pre-K or state childcare funding from certain licensure requirements.

SB 818 Establish Education Endowment Fund

This legislation would establish the North Carolina Education Endowment Fund as a special fund consisting of money from 1) the sale of "I Support Teachers" special registration plates; 2) proceeds of gifts, grants, or contributions to the State designated for inclusion into the Fund; 3) appropriations made by the General Assembly; and 4) accrued interest. Expenditures would only be made upon an appropriation of the General Assembly and would only be for teacher compensation that is related directly to improving student academic outcomes in public schools.

The "I Support Teachers" plate would replace the former "Support Public Schools" plate. The price of the plate would be the regular motor vehicle registration fee plus an additional \$20. This bill would also repeal Article 32C of Chapter 115C, which created the Fund for the Reduction of Class Size in Public Schools. Finally, it directs the Secretary of Revenue to provide taxpayers with the ability to contribute all or part of their tax refund to the North

Carolina Endowment Fund. The Committee approved this bill and it now goes to the Senate Appropriations Committee.

House Education Committee - Thursday, June 19

[SB 812](#) Maintain State Authority Over Academic Standards (summarized above)

[SB 815](#) Ensuring Privacy of Student Records

The Committee approved the bill on Thursday without any further amendment.

[SB 793](#) Charter School Modifications (summarized above)

[HB 1164](#) SBOE Rulemaking Clarification (removed from the Committee's agenda)

Other Relevant Bills with Action This Week:

House Bills

[HB 777](#) Sex Offender/Expand Residential Restrictions (Jackson)

- House concurred with Senate committee substitute
- Ratified
- Presented to Governor on Thursday, June 19

[HB 1060](#) ([SB 771](#)) Military Student Identifier (Holloway, Johnson, Horn, Martin)

- Passed the Senate on Monday, June 16
- Ratified
- Presented to the Governor on Wednesday, June 18

[HB 1149](#) State CIO/Mobile Communications Devices (Saine, J. Bell, Cleveland, Tolson)

- Passed the House on Wednesday, June 18

[HB 1195](#) Fiscal Integrity Pension-Spiking Prevention (Collins, S. Ross)

- Passed the House on Thursday, June 19

[HB 1069](#) ([SB 759](#)) Unemployment Insurance Law Changes (Howard, Warren, Arp)

- Passed the Senate on Monday, June 16
- House concurred with Senate committee substitute
- Ordered enrolled

[HB 1246](#) Armed Detention Officers/Forsyth County (Conrad, Hanes, Lambeth, Terry)

- Passed the House on Wednesday, June 18

[HB 1250](#) Amend Definition of Dangerous Firearm (Stevens, Burr, Lewis, Stone)

- Passed the House on Tuesday, June 17
- Referred to Senate Committee on Judiciary II

[SB 355](#) Technical Correction/Gaston, Nash, Union Local Act (Rabon)

- Ratified
- SL 2014-9

[SB 370](#) Respect for Student Prayer/Religious Activity (Bingham, Daniel, Hise)

- Ratified
- Presented to Governor on Wednesday, June 18

Meetings: June 23– June 26

Monday, June 23

3:00 PM Joint Legislative Program Evaluation Oversight Committee, 544 LOB
NC GEAR purposes, costs, tasks completed, remaining tasks, and calendar of events;
update of PED projects

Tuesday, June 24

10:00 AM House Education Committee (TBD)

Wednesday, June 25

10:00 AM House Committee on Judiciary Subcommittee A, 1228/1327LB
HB 1036 No Revolving Door Employment

10:00 AM Senate Committee on Education/Higher Education (TBD)

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